

S-E-C-R-E-T

50X1-HUM

1952 Production (planned)

	<u>DM</u>
Looms (440 units)	800,000
Replacement parts	300,000
Repairs	60,000
Contract work	100,000
Cast iron	200,000
Total	2,400,000

The above is the original 1952 plan. It has been revised repeatedly. The revision, according to VVB Textima (Administration of People Owned Enterprises for Textile Machinery), is as follows:

	<u>DM</u>	<u>Remarks</u>
Looms	300,000	
Cast iron	1,200,000	For graphics and food industries, and export to USSR
Contract work	100,000	E. g., ball-bearing races, etc., for SAG (Soviet Corporation) Leipzig. Steel furnished by Riesa
Replacement parts	100,000	
Repairs	60,000	
Thread machines	1,800,000	46 machines are planned
Condenser paper installations	600,000	
Total	4,160,000	

The original 1952 plan had to be revised, since there are no orders for looms in the GDR (German Democratic Republic) because there are no investment provisions for them. Western countries which used to order looms before the war no longer do so, since the quality of the looms produced in the GDR is very low. Eastern countries do not order from the GDR because the USSR exports looms. When the Soviets dismantled German industry in 1945, they took all blueprints and other data for the production of looms and built up their own production.

At the end of 1951, or beginning of 1952, the Textima factory was to deliver 600 looms to Turkey; however, this order was not filled, because at the last minute the Soviets intervened and took over the order themselves. The Soviets can deliver in a 2-year period much more than any GDR enterprise could possibly produce.

In 1951 the following looms were delivered: 25 to Wallraff Firm, Meila/Oberpfalz; 56 to VEB (People-Owned Enterprise) Automatic Weaving, Goerlitz; and five to the Zappe Firm, Bayreuth.

The following orders for looms have been received: 28 from VEB Automatic Weaving, Goerlitz, and 60 from "Interkommerc" Vienna. Looms previously delivered to Vienna were not accepted because of poor quality.

- 2 -

S-E-C-R-E-T

S-E-C-R-E-T

Forty-six thread machines were included in the final 1952 plan. This is an entirely new type of production for this enterprise. According to the source, this production will never be carried out, because the necessary technicians are not available. Protests by the plant in this respect were unsuccessful. The Floeha Spinning Mill is to receive these thread machines.

In addition, 15 condenser paper installations are to be produced for the GDR government. They are to be delivered to the USSR. This is also an order that will never be carried out, because the technicians do not have the required background. The remainder of the planned production will not be completed according to schedule, because the material needed for the added production will not be delivered until the third quarter 1952.

Miscellaneous Information on VVB Textima

Director Petzold, of Chemnitz, retired on 30 June [1951?]. His successor has not yet been named. Technical director Mutschink, also of Chemnitz, has a background in machine-tool construction. He knows absolutely nothing about textile machines. He is an SED (Socialist Unity Party) man who was put into his position for political reasons. He is the probable successor to the director. The business manager is Drechsler, a strong SED man. He is not capable of handling his job; he was appointed purely for political reasons.

Throughout VVB Textima there is a shortage of orders. Hosiery machine construction is almost at a complete standstill. Most enterprises can keep going only by doing contract work. Spinning machine construction is the only group that still has work. Spinning machine construction is the only one that still has work. This is one of the basic industries, since according to the investment plan, it is responsible for spinning rayon fibers. Spinning machine construction has again been active since 1950. According to plan, thread machine construction is to start now and continue through 1953. The auxiliary machine industry is the next group to start production and loom construction is not to start until 1955. It is estimated that loom construction will then last 7 years, during which time 25,000 looms will be produced. This will cover all GDR requirements.

Relationship Between Cost and Selling Price of Looms

It costs approximately 3,000 Deutsche marks to produce one loom. However, the looms are sold at the 1944 price of 2,000 Deutsche marks each. The GDR's 1951 Plan provided for a profit of 120,000 Deutsche marks for the Neugersdorf Loom Factory, but the factory's plan shows a deficit of 800,000 Deutsche marks (approved by the VVB). The actual balance sheet showed a deficit of 650,000 Deutsche marks. This cutting of the deficit as compared with the plan was possible because the plan was not 100 percent fulfilled. With the new system, which was instituted on 1 January 1952 and requires businesslike accounting, the factory will be financially ruined.

A deficit of 600,000 Deutsche marks was planned for 1952 [by the factory]. This plan was rejected by the VVB, and the final plan has not yet been completed. Therefore, the factory does not yet receive its monthly subsidy to compensate for losses. This means that the factory can get only the most urgent loans from the bank. All other payments must be made by the factory itself. The subsidy for losses incurred in December 1951 was not paid until May 1952. For all practical purposes this means the factory is ruined.

The factory was completely dismantled by the Soviets in 1945. Since 1949 it has been rebuilt. Machines from other partly dismantled plants were brought together, particularly from Rosswein and Maerane. Those enterprises were shut down completely.

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- 3 -

S-E-C-R-E-T